

Reverse Mortgage

Financial freedom to do the things you've always wanted



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The freedom of a Reverse Mortgage

After working so hard to get to where you are today, it's essential to maintain your financial freedom. You deserve to enjoy the security of looking forward to a future that will be filled with just as many wonderful memories as you have already experienced.

Our Reverse Mortgage may help make this possible. Perhaps you'd like to do some renovations, travel, upgrade the car or help your grandchildren with their school or university fees. Our highly flexible, transparent and low cost Reverse Mortgage allows you the financial flexibility to do the things you've always wanted to.

If you're over 65 years of age, then our Reverse Mortgage allows you to free up and access the equity you've built up in your home to do exactly these kinds of things – creating even more lasting memories into your future.

You can also set up a flexible drawdown facility to be used when, or if, you need it. Not only does this offer you stronger financial freedom, you don't pay any monthly fees for this facility and if you don't use it then obviously there's no interest payable either.

It's simply a smarter way of doing your finances whilst still having your freedom.

Product overview

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About Reverse Mortgages

Reverse Mortgages are an increasingly popular and practical way for people over 65 to finance their retirement. It means you can make the most of every day and not have to miss out on the things you've always wanted to do.

Simply put, a Reverse Mortgage is a loan. It allows you to borrow an amount of cash against the assessed value of your home. However, unlike other loans, you do not need to make regular repayments during the life of the loan.

Normal bank loans are based on your ability to make repayments. In the case of a Reverse Mortgage, the amount you can borrow is based on your age and the assessed value of your home. Interest on this loan is accrued monthly throughout the life of your loan.

The loan is required to be repaid when you either permanently move out of the home, move into ongoing aged care, or upon death.

What our Reverse Mortgage has to offer

- ✦ Competitive fixed and variable interest rates
- ✦ No monthly fees or charges
- ✦ Minimum loan amount of \$20,000. No maximum loan amount, subject to the value of your house and our LVR requirement
- ✦ The protection of both a No Negative Equity Guarantee and the option to protect up to 25% of the equity in your property for your heirs
- ✦ Maximum flexibility in how you receive your loan. You can choose between lump sum, flexible redraw and monthly income options. You can choose to receive your loan using our blend of fixed and variable interest rates

A Reverse Mortgage that's one of a kind

No monthly fees and charges

Unlike many of our competitors in Australia today, our Reverse Mortgage has no monthly fees or charges. There are some fees such as an application fee and a valuation fee but there are no account keeping fees, no duplicate statement fees, no revaluation fees, no drawdown fees and no hidden charges.

Lower fees and financial freedom – that's what we're here for.

Flexibility

You have the freedom to choose how much you want to borrow, subject to the assessed value of your home; your choice of fixed or variable interest rates; and how you choose to receive that amount.

You can receive your loan as a lump sum, a monthly income or a flexible drawdown. Newcastle Permanent offers a choice between fixed and variable rates, depending on the structure of your loan. This gives you the flexibility to choose a combination that best suits your needs.

Competitive rates

Our interest rates are always very competitive. For further information on our current interest rates visit your local branch, call us on 13 19 87 or visit newcastlepermanent.com.au

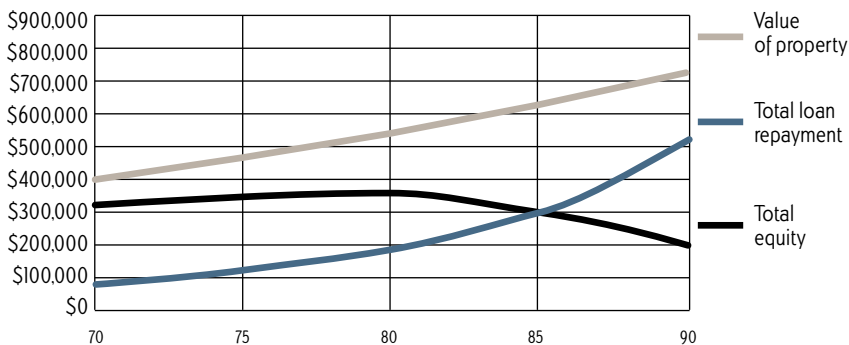
Reverse Mortgage illustration

Newcastle Permanent is keen to emphasise the need to draw the loan in an efficient way to minimise the interest costs over time.

The illustration below is based upon a median house price growth of 3.00% p.a. over a twenty year period, and assumes that the member has taken out a fixed interest rate of 9.35% p.a. for this period.

Clearly the effect of compounding interest has significant impact over a long term, so be sure to only borrow the money you need. If you think you might need it in the future then you can set up a flexible drawdown facility, which means that the money is there if you need it, but if you don't, it does not attract any interest charges or fees and you have the option to make repayments if you wish.

For further examples of how a Reverse Mortgage might work please visit our website and use the Reverse Mortgage calculator, or make an appointment to speak to one of our qualified lending managers.



The illustration above does not take into account your personal circumstances.

Term	Age	Projected property value	Projected loan repayment	Projected equity
0 years	70	\$400,000	\$80,000	\$320,000
5 years	75	\$463,710	\$127,449	\$336,261
10 years	80	\$537,567	\$203,040	\$334,527
15 years	85	\$623,187	\$323,465	\$299,722
20 years	90	\$722,444	\$515,315	\$207,129

How much can you borrow?

As with all Reverse Mortgages, the amount you can borrow is based on two key factors: the assessed value of the property (based on an independent valuation); and the age of the youngest borrower. The age of the youngest borrower is important as it forms the basis for the amount of cash you can borrow against the value of your home – this is called the Loan to Valuation Ratio (LVR).

Newcastle Permanent's Reverse Mortgage offers the following LVRs*

Age	LVR	Age	LVR	Age	LVR
65	15%	76	31%	86	41%
66	16%	77	32%	87	42%
67	17%	78	33%	88	43%
68	18%	79	34%	89	44%
69	19%	80	35%	90	45%
70	20%	81	36%	91	46%
71	22%	82	37%	92	47%
72	24%	83	38%	93	48%
73	26%	84	39%	94	49%
74	28%	85	40%	95+	50%
75	30%				

* Property values of up to \$1 million. Properties over \$1 million are assessed on an individual basis and may be subject to slightly lower LVRs. There are some postcode restrictions, which may mean we are unable to lend at present, or only offer reduced LVRs.

Key criteria that must be met

- ✦ You must be aged 65 or over. There is no maximum age limit. It does not matter if you are a pensioner, self-funded retiree or continue to work
- ✦ You must own the property. If you have an existing mortgage, it will need to be repaid. It may be possible to repay an existing mortgage out of the proceeds of the Reverse Mortgage
- ✦ You must still reside in the home. In certain circumstances, however, an investment property can be used as security. Please call us on 13 19 87 or visit newcastlepermanent.com.au for more information

Product details

The Newcastle Permanent Reverse Mortgage in detail

Getting started

Minimum amount	\$20,000
Maximum amount	No maximum subject to property valuation
Loan to Valuation Ratio (LVR)	See table on page 8
Property restrictions	No retirement villages/resorts or transportable homes. Some postcode restrictions apply
Negative equity guarantee	Neither the borrower nor their estate will owe more than the net proceeds of the sale of the property unless the borrower breaches the loan terms
Investment properties	Considered on an individual basis (variation on standard terms)
Existing mortgage	To be fully repaid at drawdown
Insurance requirements	Current homeowners' replacement insurance policy or strata replacement
Pensions impact	Refer to Centrelink

Your choices

Lump sum	Variable or fixed interest rate for 5, 10, 15, 20 years or lifetime*
Monthly income	Available on the variable interest rate option over 5, 10, 15 or 20 years with equal monthly payments, or 2.5% payment increase per year
Flexible drawdown	Agree a limit and just drawdown when required. Borrowing is at our variable rate
Protected equity	You can protect up to 25% of the value of your home in addition to the no negative equity guarantee

* Age restrictions may apply to Lifetime Fixed.

The set up fees

Application fee	\$1,000
Valuation fee	\$300 for under \$1m \$550 for properties over \$1m Request a quote for properties over \$2m
Independent legal advice	Costs borne by applicant
Stamp duty	Payable in some states
Set up fees can be paid out of the loan proceeds rather than upfront	

When you have the loan

Further drawdowns/ redraws	Minimum of \$1,000 (variable rate options only) No fee
Monthly fees or charges	\$0

Repaying or changing the loan

Repayments	None required until borrowers cease to reside in the property
Optional repayments	Minimum of \$1,000 (penalties may apply on fixed rate loans)
Deferred establishment fee*	1% of the loan amount repaid within years 1 to 5
Fixed rate break fees*	Charged at cost
Discharge fee	\$250
Post settlement variations	\$300

* These fees are not payable in some circumstances, including the death of the last nominated resident or the last nominated resident moving into aged care.

Top 10 questions

Answers to your questions

Here are the answers to the top 10 questions asked by people considering our Reverse Mortgage. For a comprehensive list of frequently asked questions visit our website.

1. How can I have a loan and not have to make any regular repayments – what's the 'catch' – and will you be telling me how I can spend it?

There is no 'catch'. The principles of the Reverse Mortgage are that you are not required to make any repayments until the last nominated resident moves out of the home on a permanent basis. Interest is accrued over the length of the loan, but it is included in the final repayment amount. As for how you spend it, we leave that entirely up to you.

2. Do I lose ownership of my home, and can I ever owe more than the value of my property?

No, and no. You continue to own the property and can continue to live in the home for as long as you wish. And, because Newcastle Permanent's Reverse Mortgage has a no negative equity guarantee, you can NEVER owe us more than the value of your home as long as you comply with the terms of the loan.

3. What are your current interest rates?

The current rates are available at newcastlepermanent.com.au

Our staff will also have a copy of our current interest rates at the time of your application. You should make sure you consider all fees and charges to work out the real cost of the loan.

4. What happens if I die or move into permanent aged care? Will you want your money back straight away, like in a 'fire sale', and who is in charge of selling my house?

Under the terms of your Reverse Mortgage, if you are the only nominated resident on your loan agreement, you have a 12 month period within which to sell the security property and repay the loan. You, or the Executor of your Will must consult with us prior to making any arrangements to sell the property. Once the property is sold, the loan and any interest accrued is repaid to us and the balance is returned to you or your estate and divided according to the terms of your Will. Alternatively, your beneficiaries may choose to keep the property and simply repay the loan. It's their choice. Providing you are not in default of your loan agreement, break fees or early repayment fees will not apply in either of these events.

5. Will my Reverse Mortgage affect my children's and grandchildren's inheritance?

Yes, it may, if you have decided that the proceeds from the sale of your property will be divided among your family. This is why we strongly emphasise the importance of discussing your decision to take out a Reverse Mortgage with all your family members and any other beneficiaries. Remember, you have the option to protect up to 25% of the value of your property as well.

6. What about my pension or social security benefits? Will these be affected by my Reverse Mortgage?

They may, which is why we urge you to talk directly to Centrelink, or your financial adviser, who will assist you accordingly. The flexibility of the Newcastle Permanent product can assist in minimising any

impact though, so this is another good reason to talk to an adviser or Centrelink to structure your loan to suit your personal circumstances.

7. What if my home is already mortgaged?

We may agree to repay the outstanding balance of your existing mortgage out of the proceeds of your Reverse Mortgage, leaving the surplus available to you.

8. Can I repay my Reverse Mortgage loan at any time?

Yes. However, early repayment fees and a finalisation fee are applicable if you voluntarily repay the loan completely within 5 years. You may also incur break fees if you voluntarily repay a fixed rate loan early. You can make partial repayments, with a minimum of \$1,000 each time.

9. What do you mean by voluntary repayment?

If you decide to sell the property or refinance the loan, paying off your debt to us before you are obliged to, a deferred establishment fee may be payable. However, if you are the only nominated resident on the loan agreement, this fee will not apply in the event of death or a permanent move into aged care.

10. Why is the flexible drawdown option so popular?

This enables you to set up a facility like an overdraft. It's there if you need it, but if you do not use it, then interest does not accrue on the undrawn amount. Either way, we don't charge a monthly fee for the facility, so if you needed some additional money then you can get it when you want without any hassle. You are in control.

Before you decide

Before you make any decisions about applying for a Newcastle Permanent Reverse Mortgage, we ask you to do a whole lot of talking. Firstly, we suggest you talk things through thoroughly with your partner or relatives and read all our available information.

It is equally important to discuss how you believe a Reverse Mortgage will assist your life with your family members and any other beneficiaries. If you apply for a Reverse Mortgage and are accepted, their inheritance may be affected and they may wish to assist you in your application process.

We also require that you seek the independent, professional advice of a financial adviser. Your financial adviser will be able to weigh up the pros and cons of whether a Reverse Mortgage is the right move for you and which options are the most suitable. If you do not have a financial adviser, please contact us and we can help you locate one locally.

You also need to consult your own solicitor or legal adviser.

If you are on a pension, or receiving any government payments, you should check with Centrelink as to how taking out a Reverse Mortgage could affect your payments.

We also have a Member Support Centre line, where our team of understanding and knowledgeable staff can arrange an appointment with one of our Mobile Lenders to visit you at home. Just call 13 19 87. You can also visit our website for any further information.

You may also wish to visit www.sequal.com.au – the Senior Australians Equity Release Association of Lenders (SEQUAL) website. SEQUAL is the self-regulatory body of the reverse mortgage industry, dedicated to the protection of borrowers and the promotion of responsible equity release lending options. The products promoted by SEQUAL members are required to adhere to the strict SEQUAL Code of Conduct. This Reverse Mortgage product is issued by a member of SEQUAL.

Thank you for considering a Newcastle Permanent Reverse Mortgage. It's our objective to provide a transparent and customer friendly product. If you have any questions please do not hesitate to call our team.

What happens next?

Any decision involving your finances is important and involves much discussion and consultation. Once you have read all the available information and are comfortable that Newcastle Permanent's Reverse Mortgage provides the best choice for you, here's how to proceed and what happens next.

- Step 1 – Talk to our Mobile Lending Specialist and complete the application form
- Step 2 – We will contact you to arrange a valuation of your property
- Step 3 – Valuation completed and returned to Newcastle Permanent
- Step 4 – Loan assessment conducted
- Step 5 – Loan documentation sent to you and your solicitor
- Step 6 – Arrange a time to meet your solicitor to sign the documents
- Step 7 – Sign the documents and return them to Newcastle Permanent
- Step 8 – Funds paid into your account

If you have not had the opportunity to discuss the application with a financial adviser before submitting the application, then we will contact you to arrange this as an additional step in the process.

Postal address:

Newcastle Permanent
PO Box 5001, Hunter Region MC NSW 2310

Phone: 13 19 87

Email: enquiries@newcastlepermanent.com.au

Web: newcastlepermanent.com.au

Drop into your local branch, visit the website or call 13 19 87

newcastlepermanent.com.au

Here's some more information for you: Newcastle Permanent Building Society Limited, ABN 96 087 651 992, AFSL 238273. Newcastle Permanent Reverse Mortgage is issued by Reverse Mortgage Services Pty Ltd ABN 87 114 594 080. The information contained in this booklet has been prepared without taking into account the objectives, financial situation and needs of any particular individual or couple. For this reason, any individual or couple should – before acting on any of the information contained in this brochure – consider the appropriateness of the information with regards to their individual objectives, financial situation or needs. We recommend that all applicants seek appropriate professional, financial and taxation advice.